

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)
Plaintiff,) CASE NO.
vs.) 17-cv-4179-DLC
ALPINE SECURITIES)
CORPORATION,)
Defendant.)

HIGHLY CONFIDENTIAL UNDER PROTECTIVE ORDER
30(b)(6) VIDEOTAPED DEPOSITION OF
ALPINE SECURITIES CORPORATION,
THROUGH ITS DESIGNATED REPRESENTATIVE
CHRISTOPHER L. FRANKEL
TUESDAY, MARCH 13, 2018

BEHMKE REPORTING AND VIDEO SERVICES, INC.

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1 A. I am trying to think of the best way to answer
2 that question. So there is a process that is at Alpine
3 that has been continually sort of tweaked over time with
4 AML, which to me, I think it's like that at every firm.

5 But the -- the fundamental process, I think,
6 soon after the beginning of the time period in question,
7 has remained largely the same in terms of -- so Alpine's
8 business, and again, I guess it just depends on what
9 type of SARs that we're talking about. But Alpine's
10 business largely consists of, and it starts at the
11 deposit process, when a -- the customer of an
12 introducing firm, or a customer of Alpine's introduces a
13 security for deposit purposes.

14 The security first comes in and it goes
15 through sort of a compliance, I think they call it
16 compliance specialist. We take that deposit and put a
17 cover sheet on it. Sometimes they would, sometimes they
18 wouldn't. They would look at certain information.

19 That information would be things like, one of
20 the thresholds that the firm had in place was --
21 concerned a large deposit of penny stocks and how the
22 firm defined a large deposit of penny stocks. And so
23 generally, that was very objective, mundane -- what I
24 would call mundane type of cursory analysis.

25 Then the deposit would go to a legal group.

1 The legal group would then take a look at it,
2 overwhelmingly -- well, really for two things. One is
3 to look to ensure that the deposit was in compliance
4 with Section 5. And then also they would look for
5 various AML triggers. That would be concerning the
6 background of the account holder, sometimes people
7 associated with the issuer, the actual depositor or
8 their associates as well.

9 Then you would have that same deposit would be
10 vetted by the operations group. And again, that was
11 much more concerning to clearing and settlement was, you
12 know, can the securities be properly deposited and
13 transferred. And then, you know, any of those sort of
14 flags would then if -- if the legal team saw flags or
15 the operations team saw flags or there were cursory
16 information, then it would go for an AML review of the
17 AML people, to make a determination of whether a SARs
18 should be filed. Some of those determinations were
19 objective. Some of them were subjective.

20 Q. All right. I heard you say, please tell me if
21 I got it wrong. I heard you say there was a -- a few
22 groups in there. There was a compliance specialist that
23 first gets the transaction?

24 A. That would get the initial deposit package.

25 Q. Okay. And am I right that a compliance

1 specialist would look at every transaction that comes
2 through?

3 A. They would look at every proposed deposit,
4 would cross through that process, yeah.

5 Q. And then from compliance specialist it goes to
6 a legal group?

7 A. It would go to a legal group, yes.

8 Q. Who makes up that legal group? Just by title?

9 A. Generally staff attorneys.

10 Q. So these are licensed attorneys?

11 A. Not always licensed attorneys. To the best of
12 my knowledge, over that period of time, everybody that
13 worked in that group had gone to law school.

14 Q. Okay.

15 A. I don't know if they had all passed the bar.

16 Q. Okay. And am I right in understanding in your
17 description that every proposed deposit went through the
18 legal group as well?

19 A. Yes.

20 Q. And then from the legal group it goes to the
21 operation group?

22 A. It would go to the operations group.

23 Q. And what -- again, you can just go by titles.
24 Who makes up the operations group?

25 A. I think it, you know, starting in 2011, I -- I

1 A. I'd have to say no.

2 Q. So a compliance specialist would look at a
3 potential sale when it was --

4 A. Virtually every deposit at Alpine was looked
5 at as a deposit and sale. People didn't deposit
6 securities generally at Alpine to leave securities long
7 in their brokerage account. So it was kind of one and
8 the same.

9 Q. All right. Now, let's move to just the AML
10 review portion you talked about. Who is the first
11 person in the ALM review process that gets a referral,
12 and again by title?

13 MS. FRITZ: That gets a referral?

14 Q. (By Mr. Miller) All right. I'll back up if I
15 need to. Potential deposits sometimes get reviewed to
16 an AML program, correct?

17 A. That is correct.

18 Q. Who is the employee that the referral is sent
19 to?

20 A. It would either go to one of the AML
21 specialists or the AML officer. And I believe more
22 often than not to the AML officer, or the AML analyst,
23 I'm sorry. I am mixing terms here.

24 MS. FRITZ: Is analyst the same as specialist?

25 THE WITNESS: Analyst is a glorified clerk in

1 Alpine parlance.

2 Q. (By Mr. Miller) All right.

3 A. I almost wouldn't even call it a glorified
4 clerk. I would call it a clerk.

5 Q. So the AML specialist is a clerk?

6 A. No, AML analyst was the title used.

7 Q. I'm sorry if I -- I got lost in there. Is
8 there a title AML specialist?

9 A. No.

10 Q. Okay. So we'll stick with --

11 A. No, I apologize.

12 Q. No, that's fine. So there's an AML analyst is
13 typically the person who would get the referral first?

14 A. Not typically. I would say typically the
15 referral would go straight to the AML officer.

16 Q. All right. What happens next to the referral?

17 A. The AML officer would look at it and make a
18 determination as to whether they are going to file a
19 SARs.

20 Q. All right.

21 A. After doing an investigation.

22 Q. What --

23 A. Well, and I would also have to add just --
24 just to answer your question, is that I think there was
25 largely a determination made, was there an investigation

1 required or was the SAR filed as purely an objective
2 type filing, which candidly, I mean, you didn't ask the
3 question, but that's one of the issues at controversy.

4 Q. Well, tell me what you mean by an objective
5 filing.

6 A. The firm basically had a practice in place
7 that, for example, where they would file on a voluntary
8 SARs on a large deposit of microcap securities. And the
9 criteria for making that determination was largely a
10 very objective criteria for commencing with that action.

11 Q. What were the criteria?

12 A. The criteria, I think, sometimes changed a
13 little bit over time. But the -- the -- the last
14 criteria that was in force for several years was, I
15 believe, a deposit of, that was greater than five
16 million shares or \$50,000 in notional value.

17 Q. Okay. If it hit either of the -- if a deposit
18 hit either of those criterion or criteria, sorry, it was
19 a automatic filing?

20 A. For the most part --

21 Q. Alpine did?

22 A. -- yes.

23 Q. And was any other investigation -- did the
24 process involve any other investigation after Alpine
25 determined those -- one of those criteria was satisfied?

1 A. There would -- there would be a continuation
2 of the normal process. It was just that triggered an
3 automatic filing, in an attempt to comply with what the
4 firm felt FINRA was looking for the firm to do.

5 Q. You said "voluntary." What -- what did you
6 mean by that?

7 A. Well, I mean, when you file SARs, I mean,
8 generally there's four tenets, right, for filing a SARs
9 according to the BSA, and then there's also provision
10 for doing a voluntary filing. So if you have an
11 instance that comes up that's outside of sort of one of
12 those four fundamental tenets of the BSA, you can do a
13 voluntary SARs filing.

14 Q. So what were the reasons for the criteria you
15 mentioned for an objective filing? Why five million
16 shares or \$50,000?

17 A. Well, I think largely the firm was trying to
18 be responsive to what they felt -- I keep saying they, I
19 guess I got to answer as we. So what we felt, we being
20 Alpine, felt were being responsive largely to what FINRA
21 wanted to see. And a lot of that was driven by FINRA's
22 notice to members, 0905, and conversations with various
23 people at FINRA.

24 So FINRA defines it as suspicious, a large
25 deposit of low priced securities, but they don't define

1 necessarily what constitutes large. So the firm kind of
2 came up with its own definition of large to try to
3 comply with what the firm believes that FINRA wanted to
4 see.

5 Q. Did the fact that a transaction satisfied one
6 of those criteria, would that cause Alpine to believe
7 that the transaction was suspicious?

8 A. Not necessarily.

9 Q. Okay. But the satisfying of those criteria
10 would cause Alpine to file a SAR, correct?

11 A. That's correct.

12 Q. So am I right that Alpine would file SARs that
13 it didn't necessarily think were suspicious?

14 A. Yes.

15 Q. Does Alpine have a sense of how often it filed
16 SARs on transactions it did not think were suspicious?

17 A. The sense would be very often.

18 Q. And in those instances where Alpine filed a
19 SAR on transactions it did not think were suspicious,
20 did it document that decision making process?

21 A. I don't know what you mean by document the
22 decision making process.

23 Q. Were there any notes or memos that Alpine
24 would create to explain that it was filing a SAR on
25 something it thought was not suspicious?

1 A. Not that I am aware of.

2 Q. Okay. Is there a way to go back, either
3 looking at the SARs themselves or the documentation that
4 supports the SARs, to understand whether Alpine believed
5 at the time that the reported transaction was
6 suspicious?

7 A. Will you ask that question again.

8 Q. Yeah.

9 A. You don't need to -- I just was thinking ahead
10 instead of listening to your question. So you didn't --
11 you didn't say something that was not -- or something
12 that was ambiguous. I just want you to ask it again.

13 Q. No worries. The -- I'll break it up a little.
14 Am I correct that -- that Alpine routinely kept support
15 documentation for the SARs that it filed?

16 A. Yes.

17 Q. Now, is there any way to go back and look at
18 the SARs themselves or that support documentation to
19 understand whether Alpine thought the reported
20 transaction was suspicious at the time?

21 A. I believe there is, yes.

22 Q. And what would you look for?

23 A. I would look for the templated SARs.

24 Q. What do you mean by template?

25 A. I think that the overwhelming volume of the

1 used?

2 A. I think it's -- not that I am aware of, no.

3 Q. During the 2011, the 2015 time period, what
4 was Alpine's view of the red flags listed here as in
5 terms of their function and the AML program?

6 MS. FRITZ: Objection, form.

7 MR. MILLER: I can ask it a better way.

8 Q. (By Mr. Miller) How did Alpine use red flags
9 in its program from 2011 and 2015?

10 A. In general, Alpine would use red flags in its
11 program to cause the activity that would trigger a red
12 flag to cause that activity to be subject to further
13 review.

14 Q. Once Alpine determined to file a SAR, do the
15 red flags identified by FINRA play any role in the
16 completion of the SAR?

17 A. Sometimes they would. Sometimes they would
18 not.

19 Q. And describe how they would be used sometimes.

20 A. Well, I think if it was -- if that red flag
21 was relevant to the reason why the SARs was filed, it
22 should be on the SARs.

23 MS. FRITZ: Are you specifically asking about
24 the narrative?

25 Q. (By Mr. Miller) I didn't specify, but does it

1 change your answer if it was specific to the narrative?

2 A. No.

3 MS. FRITZ: Okay.

4 Q. (By Mr. Miller) So are the -- were there
5 times that a -- Alpine identified a red flag and made a
6 conscious decision to not report it in a SAR?

7 MS. FRITZ: Objection, form. Are you
8 referring to Alpine identifying the items, specific
9 characteristics that are listed in 0905?

10 MR. MILLER: Yeah. I can make it simpler if
11 you want.

12 A. I understand.

13 Q. (By Mr. Miller) Okay.

14 A. I am -- I'm trying to apologize for yawning.
15 It's daylight savings time.

16 So your question, just to repeat it was, is
17 Alpine aware of any circumstances when there was a red
18 flag and it specifically didn't include it in a SARs?
19 Is that your question?

20 Q. Yes.

21 A. I would say yes.

22 Q. And is that be -- in those instances, is the
23 reason it was not included because Alpine made a
24 determination that it was -- the red flag was not
25 relevant to the transaction?

1 A. No.

2 Q. All right. Where Alpine identified a red flag
3 listed in 0905 and filed a SAR, but did not include the
4 red flag in the narrative, what is the reason or reasons
5 the red flag wasn't included?

6 MS. FRITZ: Objection, form. Go ahead.

7 A. I'd say the reason why it wasn't included is
8 if the filer of that SARs didn't feel it was relevant to
9 the reason why the SARs was filed, which continues to be
10 the \$64,000 question of the fundamental aspect of this
11 case.

12 MS. FRITZ: Terry, whenever there's a good
13 break, if we could take another break. Whenever there's
14 a good opportunity.

15 MR. MILLER: Are you going to shush me again?
16 I'm just kidding. I am joking. Yeah, this is fine. We
17 can go off the record.

18 THE VIDEOGRAPHER: Going off the record. The
19 time is 10:52.

20 (Recess from 10:52 a.m. to 11:11 a.m.)

21 THE VIDEOGRAPHER: Back on the record. The
22 time is 11:11.

23 (Deposition Exhibit No. 5 was marked.)

24 MS. FRITZ: One for me?

25 MR. MILLER: Yes, I got one here.

1 A. -- don't see it contained in this part.

2 Q. (By Mr. Miller) Do -- does Alpine know of any
3 other place it might be in written form?

4 A. No.

5 Q. Can you go to page 40 of Exhibit 5?

6 A. 40?

7 Q. Yeah.

8 A. This is by far the most I have ever worn
9 reading glasses.

10 MS. FRITZ: It's a good look.

11 A. Yeah, I'm sure it is. I feel like an owl.

12 Q. (By Mr. Miller) Okay. Page 40 contains a
13 table under Section 3 dot 14 dot 5 dot 2?

14 A. I am with you.

15 Q. All right. Do you see the notation that in
16 brackets that NASD notice to members, 0221? What does
17 that mean?

18 A. I'm trying to find it.

19 Q. It's right under the heading risk indicators?

20 A. Oh, okay. Okay. Sorry. So you're asking
21 what is that -- what do those brackets mean?

22 Q. Yeah. What's -- what's the notation there
23 for? Why is it there?

24 A. I don't know for certainty, but I would assume
25 they are referencing that notice to members number for

1 this -- this particular section.

2 Q. And what's -- what's the purpose of this
3 table?

4 A. I mean, to list potential circumstances that
5 might be indicative of somebody who was trying to pursue
6 some violative conduct.

7 Q. Did Alpine use this table in any way to
8 identify transactions that needed to be reported to
9 FinCEN as suspicious?

10 A. Can you repeat that question again?

11 Q. Yes. The table starting on page 40, did
12 Alpine use this table in any way to identify
13 transactions that should be reported in a SAR?

14 A. Yes.

15 Q. How was it used?

16 A. I'd say generally these were red flag
17 indicators that would cause a transaction to come under
18 heightened scrutiny.

19 Q. What do you mean by "heightened scrutiny"?
20 What does it look like at Alpine?

21 A. Well, I would say that, look, if a transaction
22 were to prospectively sort of hit one of these criteria,
23 it would merit looking into further.

24 Q. Who is tasked with identifying the existence
25 of the red flags?

1 think just a very sort of existence of this template
2 process is indicative of it.

3 Q. Okay. Is that because the templates were
4 created with an eye toward what Alpine thought
5 regulators wanted to see?

6 A. Yes. Done with two --

7 Q. Yeah.

8 A. -- for the moment?

9 Q. Yeah. Can we go back to No. 6, please? Same
10 page, No. 4?

11 MS. FRITZ: Huh-uh.

12 MR. MILLER: Yeah, the FINRA letter is six.

13 A. Okay, I'm sorry. I got it.

14 MS. FRITZ: He promises he's not going to ask
15 you about that any more.

16 A. That's all right. I am pretty familiar with
17 that. Go ahead. I'll get to it.

18 Q. (By Mr. Miller) Okay. Exception No. 7 on
19 page 4, under the heading detail, the second paragraph
20 states that the narratives for all SARs reviewed were
21 substantively inadequate as they failed to fully
22 describe why the activity was suspicious. Do you see
23 that?

24 A. I do.

25 Q. What, if anything, did Alpine do to change its

1 procedures in response to that finding by FINRA?

2 A. I'm going to double-check something. I know
3 Alpine responded specifically to that, and what I am
4 trying to check is my recollection of this was that
5 Alpine came back to FINRA and said that they thought
6 that the narrative that was given was in compliance with
7 the BSA guidance, and then as a result of this, FINRA
8 ended up taking no action. So Alpine's perception was,
9 is that somebody in the hierarchy at FINRA agreed with
10 their response.

11 MS. FRITZ: If you could just indicate for the
12 record what you are looking at.

13 A. Yeah, I am looking at --

14 MS. FRITZ: -- in relation to Alpine's
15 response.

16 A. I am looking at the response letter that
17 Alpine sent back to FINRA.

18 Q. (By Mr. Miller) And I think, I am not trying
19 to read your notes --

20 A. No, no, go ahead.

21 Q. -- but I think that document --

22 A. No. I mean, these are just -- these are
23 documents you guys have.

24 Q. Yeah. I just want to -- just for the record,
25 if you maybe go to the first page and read the Bates

1 number of the document into the record.

2 MS. FRITZ: And the date.

3 A. Is there a Bates number on these? I didn't
4 even look.

5 Q. (By Mr. Miller) Yeah, bottom right corner.

6 A. Okay.

7 Q. Of the first page.

8 A. So it's Farmer dash 000132. And I am looking
9 at the Alpine response to item No. 7.

10 Q. Okay. You mentioned there was a perception at
11 Alpine that someone at FINRA agreed with Alpine's
12 response. Is there anything that FINRA conveyed to
13 Alpine directly to support that perception?

14 MS. FRITZ: Objection. Asked and answered.

15 A. Yes. The fact that FINRA didn't pursue an
16 action.

17 Q. (By Mr. Miller) Okay. So is the absence of
18 any communication from FINRA that led to the perception
19 that FINRA agreed?

20 A. That is -- that's correct.

21 Q. So there was no letter from FINRA that says we
22 agree.

23 A. Not that I am aware of, no.

24 MS. FRITZ: It says you are right.

25 Q. (By Mr. Miller) Okay. There was a

1 enforcement referral that came after this FINRA report,
2 correct?

3 MS. FRITZ: If we could just -- the witness
4 wants to just clarify his last answer in terms of what
5 was done in response to the FINRA letter.

6 Q. (By Mr. Miller) Okay.

7 MS. FRITZ: At Alpine.

8 A. Well, yeah, I think Alpine did make some
9 changes to its process with regard to SARs. But I don't
10 know that it was directly germane to item No. 7 so...

11 MS. FRITZ: Okay.

12 Q. (By Mr. Miller) Okay. Was there an
13 enforcement referral that FINRA made after this report
14 in Exhibit 6?

15 A. You know, I don't -- I believe there was. I
16 don't -- I don't know for certainty, but I think there
17 was a referral to enforcement.

18 Q. Did that referral have any impact on Alpine's
19 perception of whether FINRA agreed with its response to
20 exception 7?

21 A. I think -- I think Alpine -- part of Alpine's
22 perception was the fact that enforcement -- again, this
23 is my understanding, is that enforcement, because
24 enforcement didn't pursue the matter, and I think
25 actually -- but because they didn't pursue the matter

1 that -- that they felt comfortable in their position.
2 And I am trying to sit there and think whether I have
3 seen a dismissal letter or not, and I don't recall.

4 Q. Okay. Going back to Exhibit 6, that same
5 paragraph, on page 4. The -- I mean, read it for
6 yourself but -- and tell me if you think this is an
7 unfair characterization. But I think the gist of it is
8 that FINRA is stating that Alpine should describe why
9 the firm thought reported activity was suspicious. Do
10 you see that?

11 MS. FRITZ: Objection. Document speaks for
12 itself. Go ahead.

13 A. I mean, I see the paragraph that you are
14 referring to, yes.

15 Q. (By Mr. Miller) So during the time period,
16 you know, again 2011 to 2015, did Alpine agree that the
17 SAR rules required it to explain why Alpine believed
18 transactions were suspicious when it was reporting them
19 in a SAR?

20 A. Yes.

21 Q. And did Alpine believe during that time period
22 that it was complying with that requirement by using the
23 templates we were just reviewing?

24 A. Yeah. I believe the firm most certainly
25 thought that it was in compliance.

1 Q. And specifically with the requirement to
2 explain why Alpine thought activity was suspicious?

3 A. I think it was the firm's belief that they
4 were in compliance at all times with all aspects that
5 they needed to adhere to with regard to the BSA
6 guidelines to the best of its ability and knowledge. It
7 doesn't mean it was, but they thought they were.

8 (Laughing.)

9 MS. FRITZ: Let the record reflect absolutely
10 nothing.

11 Q. (By Mr. Miller) All right.

12 A. Well, that's what the whole argument is about,
13 isn't it?

14 Q. Okay.

15 A. There's no big secret there.

16 (Deposition Exhibit No. 7 was marked.)

17 COURT REPORTER: No. 7.

18 Q. (By Mr. Miller) Okay. Just handed you
19 Exhibit 7. This is a letter from Alpine to the SEC,
20 correct?

21 A. It is.

22 Q. All right. And am I correct that this letter
23 is a response to a letter sent from SEC to Alpine?

24 A. Yes.

25 Q. And I have copies of that letter. If it would

1 help you answering these questions, just let me know.
2 If you can go to page 3, the question about some of the
3 items there. See the last paragraph on the page that
4 starts "in addition"?

5 A. Yes.

6 Q. This paragraph describes Alpine's view of a
7 treasury rule that allows for voluntary disclosure of
8 information. Can you explain for me that policy?

9 MS. FRITZ: Objection. Document speaks for
10 itself.

11 A. I don't know that when you say explain the
12 policy.

13 Q. (By Mr. Miller) Yeah, let me back up. Is --
14 is there a policy at Alpine, again, just stick with the
15 2011-2015 time period. Is there a policy at Alpine that
16 Alpine can file, make -- make voluntary disclosures?

17 MS. FRITZ: Objection.

18 Q. (By Mr. Miller) In a SAR?

19 MS. FRITZ: Objection. The letter identifies
20 the fact that this is not a policy. It's part of the
21 underlying statute. It's not a policy.

22 Q. (By Mr. Miller) Okay. I think you just
23 answered my question. I am asking if it was a policy.
24 I am trying to --

25 MS. FRITZ: To the extent that there is a

1 statute that is being cited here by Alpine, I don't know
2 whether you would describe it as a policy or not. But
3 Alpine's position with respect to that particular
4 provision is laid out right in the letter. I don't know
5 if the witness can add anything to the fact that Alpine
6 has articulated its position.

7 Q. (By Mr. Miller) Okay. And that's actually
8 what I want to get -- get on the record. Okay. So, and
9 you can -- if it makes it -- I only put this in front of
10 you to make it easier to reference this concept of a
11 voluntary disclosure.

12 A. Uh-huh.

13 Q. But I want to ask something that's --

14 A. Sure.

15 Q. -- separate from the letter. Is there
16 anything in Alpine's AML program procedures that
17 concerns a voluntary disclosures of information in SARs?

18 MS. FRITZ: Objection. You are talking about
19 all the WSPs?

20 MR. MILLER: Right.

21 A. To the best of my knowledge, there's nothing
22 in there that specifically labels it voluntary
23 disclosure.

24 Q. (By Mr. Miller) Okay. Is there anything that
25 directs whether it's -- strike that.

1 Are there any written materials prepared or
2 made by, or used by Alpine, that describe when voluntary
3 disclosure should be made?

4 MS. FRITZ: I'm sorry. Could you repeat that?
5 Are there any written materials at Alpine?

6 MR. MILLER: Right.

7 A. I would answer similarly that there's nothing
8 that I'm aware of that describes the term "voluntary
9 disclosure." I would say that again, in the opinion of
10 the firm, that a huge number of the SARs that are at
11 issue in this case, which concern the large deposit of
12 penny stocks, would constitute a voluntary disclosure.

13 Q. (By Mr. Miller) How --

14 A. Am I being responsive to you, I mean?

15 Q. Yeah. And how does Alpine distinguish between
16 what it believes is a mandatory disclosure and a
17 voluntary disclosure?

18 MS. FRITZ: Objection, asked and answered. Go
19 ahead.

20 A. I think that mandatory disclosure is again
21 when you have something that rises to sort of one of the
22 four fundamental premises of filing a SARs pursuant to
23 the BSA, and a voluntary disclosure would be something
24 that falls outside of that.

25 Q. Okay.

1 Q. Okay. How do filers in the AML program know
2 when to file voluntary disclosures?

3 MS. FRITZ: Objection. Asked and answered.

4 A. I think that again, on certain criteria there
5 was an objective criteria that was established that, as
6 we talked about earlier, like on the large deposit of
7 microcap securities, that it sort of -- the latest
8 iteration was that it was going to be filed if there was
9 a deposit that was greater than five million shares or
10 had a notional value of \$50,000.

11 Q. (By Mr. Miller) And is it Alpine's view
12 during the 2011 to 2015 time period that it could file
13 voluntary SARs even when it believed that the
14 transaction was nonsuspicious?

15 MS. FRITZ: Objection, asked and answered. Go
16 ahead.

17 A. Yes.

18 Q. (By Mr. Miller) Okay.

19 A. When the transaction was not. Let me clarify
20 that if I could. I think it was Alpine's belief that
21 they could do this voluntary SARs when they believed a
22 transaction wasn't necessarily suspicious to them but
23 that they thought it might be suspicious to someone
24 else, namely the regulatory authorities.

25 Q. Okay. So even when filing a voluntary SAR, am

1 that's not marked by you already, how's that?

2 MR. MILLER: I think I --

3 MS. FRITZ: From here on in.

4 MR. MILLER: I think I see where we are at
5 here.

6 MR. LEBENTA: It looks like it's No. 2 on F's
7 Table F-1.

8 MR. MILLER: Will you mark that?

9 (Deposition Exhibit No. 11 was marked.)

10 MS. FRITZ: Thank you.

11 COURT REPORTER: That's 11.

12 Q. (By Mr. Miller) Okay. I just handed you
13 what's been marked Exhibit 11. Is this the full
14 document that contains the page you were just reading?

15 A. Yes. It appears to be.

16 Q. Okay. So comparing Exhibit 10 and Exhibit 11,
17 the narrative sections in each one, how does Alpine
18 determine when to include information like the facts
19 about Seth Kramer and his relation to Curt Kramer?

20 A. How does Alpine determine when to include that
21 and when not to include that?

22 Q. Right.

23 A. I think to a great extent it is on -- you
24 know, again, whether you file or not is subjective, and
25 what you put in there is, is it rel -- relevant to the

1 reason why you are filing the SARs? If it is, it goes
2 in. If it's not, it doesn't.

3 Q. Looking at the transactions --

4 A. I don't think there's a pure systematic
5 determination.

6 Q. Looking at the transactions described in
7 Exhibits 10 and 11, can you tell us why the information
8 about Curt Kramer would be relevant to one of the
9 transactions and not the other?

10 A. I am sorry. Can you ask that question again?

11 Q. Sure. Looking at the transactions described
12 in Exhibits 10 and 11, can you tell us why the
13 information about Curt Kramer would be relevant to one
14 of the transactions but not the other?

15 A. Partially. And partially I think because this
16 is something that I believe the preparer thought that
17 this was potentially a truly suspicious transaction, and
18 this one was driven -- that was basically done by way of
19 doing some investigation, and this one was purely metric
20 driven.

21 Q. All right. The one that you say is purely
22 metric driven, was that 10 or 11?

23 A. That would be 10. Again, this is sort of
24 educated speculation.

25 Q. So in No. 11, the SAR that does reference Curt

1 Alpine was preparing Exhibits 27 or 28?

2 A. Is there a way for them to know that those
3 exhibits were being prepared -- or those SARs were being
4 prepared? It depends on who that is. I mean the,
5 again, the AML officer would approve all eventual SAR
6 filings, and they would know.

7 So you would have somebody -- if you were
8 talking about doing trade surveillance, and I don't want
9 to assume anything here, guys, but if you are talking
10 about trade surveillance, which I'm not sure that's what
11 you are talking about, then that person would sit there
12 and say -- they might see something perhaps that was --
13 they thought was potential market manipulation.

14 So they would say, "Well, we potentially need
15 to file a SARs on this." It would go to the AMLO, and
16 the AMLO would be familiar with these two. So I don't
17 know if that's being responsive. I'm not sure if that's
18 what you are asking.

19 I think that -- I am trying to -- look, I
20 think that -- I don't know whether this is purposeful or
21 not purposeful, but I think one of the things where
22 there's a, a miscommunication is that, I think, Alpine
23 views that any time somebody deposits a security,
24 there's going to be a sale.

25 Nobody deposits securities in general and

1 Q. All right. The sales listed on Table B-1 date
2 August 8th, 2011.

3 A. Uh-huh.

4 Q. When those were being reviewed by Alpine, did
5 Alpine consider the fact that it had just previously
6 filed a SAR on August 1st?

7 A. When the sales were being -- I don't know that
8 they would have.

9 Q. Would the answer be the same for the rest of
10 the sales on here?

11 A. To that question? Yes.

12 Q. All right.

13 MR. CARLYLE: If you can read it.

14 THE WITNESS: Do you want to borrow these?

15 MR. CARLYLE: That's not the problem.

16 Q. (By Mr. Miller) I don't think that's the
17 problem. Now, just -- look. I know it's late in the
18 day and just want to be crystal clear that sales are
19 reviewed for potential SAR and AML issues, correct?

20 A. Sure.

21 Q. Okay.

22 A. I am trying to get -- they are. You want me
23 to keep one out?

24 Q. No. I think we're good.

25 A. I'm trying to keep these together for you